

**RULES
OF THE
TENNESSEE DEPARTMENT OF FINANCIAL INSTITUTIONS**

**CHAPTER 0180-22
RULES PERTAINING TO AGENCY RELATIONSHIPS OF BANKS**

TABLE OF CONTENTS

§ 0180-22-.01. In General	§ 0180-22-.04. Forms of Agreement
§ 0180-22-.02. Transactions Between and Among Non-Affiliate Banks	§ 0180-22-.05. Examination Safety and Soundness Considerations
§ 0180-22-.03. Transactions Between and Among Affiliate Banks	§ 0180-22-.06. Invalidity

0180-22-.01. IN GENERAL.

- (1) **SCOPE.** Chapter 0180-22 establishes rules pertaining to the agency relationships of state-chartered banks pursuant to the provisions of Public Chapter 85, Acts of 1989.
- (2) **PURPOSE.**
 - (a) It is a primary purpose of these rules, consistent with the broad intent of Public Chapter 85, Acts of 1989, to facilitate the types of transactions and activities described therein.
 - (b) It is a primary purpose of these rules to protect the safety and soundness of all Tennessee banks, their depositors, and their other customers.
- (3) **DEFINITIONS.**
 - (a) “Affiliated bank” or “affiliated” shall mean that the banks are under common ownership, direction, or control. For the purposes hereof, affiliation shall be deemed to exist if the same person, entity or group owns or controls not less than twenty-five percent (25%) of the shares of any class of outstanding voting stock of the two or more banks entering into an agency relationship, exclusive of shares held in a fiduciary capacity.
 - (b) “Agency relationship” means any relationship undertaken within the terms or under the authority of Section 45-2-614(e) of Tennessee Code Annotated.
 - (c) “Agent”, “agent bank” and the plurals thereof mean the bank(s) undertaking to represent one or more banks in conducting transactions and activities permitted under Section 45-2-614(e) of Tennessee Code Annotated.
 - (d) “Commissioner” means the Commissioner of the Tennessee Department of Financial Institutions.
 - (e) “National bank” means a bank organized under the laws of the United States.
 - (f) “Principal”, “principal bank” and the plurals thereof mean the bank(s) engaging one or more banks in conducting transactions and activities permitted under Section 45-2-614(e) of Tennessee Code Annotated.
 - (g) “State-chartered bank” means a bank organized under the laws of the state of Tennessee.

Authority: T.C.A. §§ 45-2-614(e), 45-1-107; Public Chapter 85, Acts of 1989. **Administrative History:** Original rule filed July 28, 1993; effective November 18, 1993. Amendment filed August 31, 1998; effective December 31, 1998.

0180-22-.02. TRANSACTIONS BETWEEN AND AMONG NON-AFFILIATED BANKS. A state-chartered bank, as agent, on behalf of one or more non-affiliated banks (whether state-chartered banks or national banks), as principal(s), may, in accordance with these rules, accept deposits, loan payments, or other payments from the customers of the principal(s), renew time deposits, close loans and service loans.

Authority: T.C.A. §§ 45-2-614(e), 45-1-107; Public Chapter 85, Acts of 1989. Administrative History: Original rule filed July 28, 1993; effective November 18, 1993. Amendment filed August 31, 1998; effective December 31, 1998.

0180-22-.03. TRANSACTIONS BETWEEN AND AMONG AFFILIATED BANKS.

- (1) A state-chartered bank, as agent, on behalf of one or more affiliated banks (whether state-chartered banks or national banks), as principal(s), may, in accordance with these rules:
 - (a) conduct the transactions permitted to non-affiliated banks set forth in section 0180-22-.02;
 - (b) open deposit accounts;
 - (c) receive pledges and other deliveries of collateral, guaranties, and loan documentation;
 - (d) act as paying agent;
 - (e) accept money for transmission and transmit money by electronic funds transfer;
 - (f) act as custodian and provide safe deposit facilities; and
 - (g) purchase from or sell on behalf of the principal short term deposits, including, for example, federal funds, repurchase agreements and reverse repurchase agreements.
 - (h) conduct any other act receiving the prior approval of the commissioner.

Authority: T.C.A. §§ 45-2-614(e), 45-1-107(h); Public Chapter 85, Acts of 1989. Administrative History: Original rule filed July 28, 1993; effective November 18, 1993. Amendment filed August 31, 1998; effective December 31, 1998.

0180-22-.04. FORM OF AGREEMENT.

- (1) A form of Agreement between the respective banks shall be provided to the commissioner for the approval prior to the commencement of the agency relationship. The commissioner shall have the power to require appropriate amendments to any such Agreement and/ or to reject such Agreement. The commissioner shall approve or deny the Agreement not later than the 30th day after the date the complete Agreement has been filed with the commissioner. However, if the commissioner has requested that an amendment be made to the Agreement, the thirty (30) day time period does not begin to run until the amended Agreement has been submitted.
- (2) Each Agreement shall:
 - (a) describe the services to be provided by the agent bank(s);
 - (b) describe in reasonable detail the physical operation of the relationship;
 - (c) describe in reasonable detail the manner in which compliance with depository and other applicable laws, rules and regulations is to be effected;

(Rule 0180-22-.04, continued)

- (d) describe the manner and/or time frames at which the agent bank(s) will account to the principal bank(s); and
- (e) describe whether the bank(s) are affiliated or non-affiliated and be accompanied by proof of such status.

Authority: T.C.A. §§ 45-2-614(e), 45-1-107(h); Public Chapter 85, Acts of 1989. **Administrative History:** Original rule filed July 28, 1993; effective November 18, 1993. Amendment filed August 31, 1998; effective December 31, 1998.

0180-22-.05. SAFETY AND SOUNDNESS CONSIDERATIONS.

- (1) Pursuant to the provisions of Title 45 of Tennessee Code Annotated, the Commissioner may determine to rescind approval of any activities or transactions based upon the safety and soundness of the particular activities and transactions and/or the financial and managerial soundness of particular banks; provided, however, that the Commissioner may not disapprove activities or transactions specifically enumerated in T.C.A. Section 45-2-614(e) unless based upon the financial or managerial soundness of particular banks.
- (2) In the exercise of the Commissioner's discretion to protect the safety and soundness of particular banks, the Commissioner may condition approval of activities and transactions permitted by T.C.A. Section 45-2-614(e) upon the establishment of appropriate safeguards, procedures, agreements, or other matters.
- (3) The Commissioner from time to time may prescribe the form(s) of notice required by T.C.A. Section 45-2-614(e) and the type of information to be contained therein.

Authority: T.C.A. §§ 45-2-614(e), 45-1-107(h); Public Chapter 85, Acts of 1989. **Administrative History:** Original rule filed July 28, 1993; effective November 18, 1993. Amendment filed August 31, 1998; effective December 31, 1998.

0180-22-.06. INVALIDITY. If any provision of this rule or the application thereof to any bank or circumstance is held invalid, such invalidity shall not affect the provisions or applications of the rule which can be given effect without the invalid provision or application and, to that end, the provisions of this rule are declared to be severable.

Authority: T.C.A. §§ 45-2-614(e), 45-1-107 and 45-1-107(h); Public Chapter 85, Acts of 1989. **Administrative History:** Original rule filed July 28, 1993; effective November 18, 1993.